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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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DOGM
MINERALS PROGRAM
FILE COPY

October 1, 1990

Mr. Jerry North
Interstate Brick Company
9870 South 5200 West
West Jordan, Utah 84088-5689

Dear Mr. North:

Re: **Request for Replacement Surety Bond Forms, Interstate Brick Company, Koosharem, Five Mile Pass, and Powell Clay Mines, M/031/002, M/045/006 & M/049/004, Piute, Tooele, and Utah Counties, Utah**

As a follow up to our meeting on August 20, 1990, where we discussed outstanding items to be addressed with the revised Reclamation Contracts (FORM MR-RC), I am sending you the revised reclamation surety bond estimates (in 1990 dollars) as promised.

The Board of Oil, Gas and Mining recently directed the Division to update all reclamation surety estimates to reflect current year dollars, whenever a surety company is changed, a permit is transferred, or when a mining and reclamation plan is revised significantly. Therefore, we have updated the surety estimates for the Koosharem, Five Mile Pass and Powell Clay Mines to reflect the reclamation costs in 1990 dollars. The Jim Gay Mine is already bonded in 1996 escalated dollars and will not require reevaluation at this time. The 1990 dollar figures have been escalated to 1995 dollars.

Interstate Brick Company recently obtained new surety bonds for these mines and submitted them to the Division. However, the Board of Oil, Gas and Mining must approve of the new Reclamation Contract forms and the new surety company. The latest replacement sureties should be revised to reflect these 1995 dollar amounts. I have enclosed copies of our latest revised and Board approved (September 1990) surety bond forms that will need to be updated to reflect the new dollar amounts. Copies of your latest surety bond forms are attached for your reference to aid in filling out the new forms.

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Mr. Jerry North

M/031/002, M/045/006 & M/049/004

October 1, 1990

The reclamation surety estimates will be reevaluated by the Division in 1995 unless the operator revises the approved mining and reclamation plans, or transfers the permits before this date. Thank you for your cooperation and understanding in this matter. I apologize for any inconvenience that this may cause you or your new surety. Please contact me directly if I can provide assistance in filling out the forms or answer any related questions in this regard.

Sincerely,

A handwritten signature in cursive script, reading "D. Wayne Hedberg". The signature is written in dark ink and is positioned above the printed name and title.

D. Wayne Hedberg
Permit Supervisor,
Minerals Regulatory Program

jb

enclosure

cc: Jerry Mansfield, State Lands
Gary Manville, Fred A. Moreton & Co.
Lowell Braxton
Pam Grubaugh-Littig
Minerals Staff

MNM045006.1

INTERSTATE BRICK COMPANY

SURETY ESTIMATE UPDATE

Prepared by Utah Division of Oil, Gas & Mining
August 29, 1990

Koosharem Clay Pit M/031/002 – Piute County, Utah
Five Mile Pass Clay Mine M/045/006 – Tooele County, Utah
Powell Clay Pit M/049/004 – Utah County, Utah

Description

Koosharem Clay Pit \$23,022 (1980 \$'s)

Five Mile Pass Clay Mine \$46,900 (1988 \$'s)

Powell Clay Pit \$138,800 (1988 \$'s)

Calculations	YR	% ESCAL	KOOSHAREM PIT	FIVE MILE PASS	POWELL PIT
	1980	0.0860	\$23,022		
	1981	0.0860	\$25,002		
	1982	0.0991	\$27,480		
	1983	0.0940	\$30,063		
	1984	0.0104	\$30,375		
	1985	0.0092	\$30,655		
F = P(1 + i)**n	1986	0.0290	\$31,544		
	1987	0.0210	\$32,206		
	1988	0.0195	\$32,834	\$46,900	\$138,800
	1989	0.0181	\$33,428	\$47,749	\$141,312
Three Yr Average = 1.84%	1990	0.0184	\$34,044	\$48,627	\$143,912
Used to Project 5 Yrs	1991	0.0184	\$34,670	\$49,522	\$146,560
Into the Future	1992	0.0184	\$35,308	\$50,433	\$149,257
	1993	0.0184	\$35,958	\$51,361	\$152,003
	1994	0.0184	\$36,619	\$52,306	\$154,800
	1995	0.0184	\$37,293	\$53,269	\$157,649

Updated Surety Amount Rounded (1995 \$)

Koosharem Pit M/031/002 \$37,300

Five Mile Pass M/045/006 \$53,300

Powell Pit M/049/004 \$157,600